

Spousal Impoverishment



MEDICAID/KanCare

- **An entitlement program to pay healthcare costs for certain persons with low income and resources**
- **Funded by a combination of state and federal dollars**
- **Programs vary from state to state**
- **Persons must meet specific criteria to receive coverage**

MEDICAID/KanCare

- **KanCare is a Managed Care Model with three Managed Care Organizations:**
 - Amerigroup
 - Sunflower
 - United Health Care
- **Limited 'Fee For Service' – MediKan, QMB, LMB, Some prior medical coverage**

GENERAL REQUIREMENTS

- **Must apply for coverage**
- **The applicant must be able to act in their own behalf (example: adults)**
- **Must be a US citizen or eligible non-citizen (applicant only, not other family members)**
- **Resident of Kansas**

FINANCIAL REQUIREMENTS

- **To qualify, a household's income and/or resources must be below the specified limit**
- **A resource is something of value that the household can access- An Asset**
- **Resources are only applicable to the Elderly & Disabled programs**

Types of Resources

Countable

- Bank accounts
- Stocks/Bonds
- Most trust funds
- Annuities
- Life Insurance over \$1,500 (face value)
- Retirement Funds except for spouse
- Non-income producing property

Exempt Resources

- Irrevocable burial plans up to \$7,000 plus burial merchandise.
- The home if spouse lives in it or if resident intends to return.
- Income producing property
- Life insurance less than \$1,500 (face value)
- Household/personal items
- One vehicle

THE HOUSEHOLD

For Most Elderly/Disabled Medical Programs:

- **For adults - includes self and spouse**
- **For children, includes parents**
- **For HCBS and LTC children – only the applicant**

For LTC Programs:

- **Spousal Impoverishment**

Spousal Impoverishment

- **Applies to Married Couples**
- **Special resource and income rules for persons applying for LTC**
- **Allows a community spouse to retain resources above the \$2000 limit**
- **Sometimes the long term care spouse can allocate income to the community spouse**

Spousal Impoverishment

- **Must be in LTC at least 30 consecutive days**
- **Asset 'snapshot' taken of total non-exempt assets as of date LTC begins (for HCBS – date they are screened eligible)**
- **All non-exempt assets are used, regardless of spousal ownership.**
- **Divided in half.**
- **Minimum - \$23,844**
- **Maximum - \$119,220**
- **This creates the Community Spouse Resource Allowance**

Spousal Impoverishment

- **Community Spouse resource allowance is the amount of assets the couple can own – personalized resource limit.**
- **In addition, the LTC spouse can retain \$2000**
- **The Community Spouse Resource Allowance remains in effect, even if the spouse returns to the community.**
- **Division of Assets?**
- **Couples have 90 days after eligibility to transfer resources from LTC spouse.**

Spousal Impoverishment

Example 1: Fred and Ethel

- Ethel in Nursing Home on October 14, 2014
- Total resources in October, 2014: \$100,000
- One half is \$50,000
- Community Spouse Allowance is \$50,000
- Add \$2000 for the LTC Spouse
- Fred and Ethel's total resources must be at or below \$52,000 to qualify

Example 2: Bert and Bertha

- Bert in facility on March 15, 2015
- Total resources are \$17,500
- This is below the minimum of \$23,844
- Bert is eligible as of March, 2015

Spousal Impoverishment

Example 3: Jack and Jill

- Jack screened eligible for HCBS on February 10, 2015
- Total resources in February, 2015: \$400,000
- One half is \$200,000
- This is above the maximum, so the Community Spouse Allowance is \$119,220
- Add \$2000 for the LTC Spouse
- Jack and Jill's total resources must be at or below \$121,220 to qualify

Spousal Impoverishment

Income Allocation:

- **Can reduce the total Patient Liability or Client Obligation**
- **Can allocate to the community spouse or dependent family members living with the spouse**
- **Combined income is less than \$1992 – can be allocated to the community spouse**
- **Maximum allocation is \$2981/month**
- **Dependent Family member allowance is \$664**

Transfer of Property

- **Transferring property for less than fair market value. Examples:**
 - **Selling property**
 - **Gifting assets**
 - **Adding owners or names to properties**
 - **Refusing an inheritance**
- **Consider all transfers made within the last 5 years**

Transfer of Property

- **Can result in a period of ineligibility for LTC services**
- **Total amount of penalty determined by value of asset less amount received and encumbrances.**
- **Penalty begins on the date the individual is otherwise eligible for Medicaid in LTC**
- **Methods to cure penalty available**

Transfer of Property - Mabel

Example: Mable entered the nursing home in July, 2014. She applied for Medicaid in February, 2015 and is otherwise eligible in February.

Mable sold her home, worth \$100,000, in March of 2014 to her son for \$20,000. She owed \$10,000 on her mortgage.

- **Total transfer amount - \$100,000- \$20,000-\$10,000 = \$70,000**
- **Daily penalty periods are established - \$172.32/day**
- **Total penalty period is \$70,000/172.32= 406 days.**
- **Penalty period begins running on February 1, 2015.**
- **She is ineligible for Medicaid LTC until 03-12-2016.**

Other Resource Provisions

- **Life Insurance:** The cash value of the policy is countable
- **Home and Homestead:**
 - **Exempt if**
 - the individual is living in the home
 - a spouse or dependent is living in the home
 - Intends to return home
 - **Countable Otherwise**
 - **Medicaid Liens**
 - For persons in LTC at least 6 months
- **Trusts:** Generally Countable – some specific exemptions
- **Annuities:** Generally countable – retirement annuities exempt

Estate Recovery

Recovers medical care costs from the estates of certain deceased Medicaid recipients.

- **Age 55 and above**
- **Institutional care – at any age**
- **Not applicable to Medicare Savings Programs, Family Programs**

Exceptions:

- **Individuals with minor children**
- **Disabled children**
- **Spouse – delayed. Recovery applies after the spouse passes.**

Estate Recovery Pre-Payments

Long Term Care Partnership Payments

Long Term Care Partnership

Qualified Long Term Care Insurance Payments

- **Increase resource limit to qualify for Medicaid**
Above \$2000
Above community spouse allowance
- **Reduce the Estate Recovery Claim**
- **Example: LTC plan pays out \$20,000 – the resource limit is \$22,000 for a single person. The estate recovery claim is also reduced by \$20,000**

Medicaid and KanCare

Regarding Estate Planning. . .

- **We determine eligibility**
- **We don't give estate planning advice**
- **We will provide a determination once an application and documentation is provided**

Questions

Jeanine Schieferecke

jschieferecke@kdheks.gov

To Apply:

<http://www.kancare.ks.gov/apply.htm>

More information - KDHE Web